

Community Preservation Act – Basic Facts for Topsfield

Introduction

The Community Preservation Act (CPA) is a new law that allows cities and towns in Massachusetts to raise local property taxes to acquire and protect open space, preserve historic buildings and landscapes, and create and maintain affordable housing. It also provides significant state matching funds – an estimated \$26 million annually – to participating communities.

In order for a municipality to qualify for state matching funds, Town Meeting must vote to place a property tax surcharge of up to 3 percent on the ballot. Voters in Topsfield will have a chance vote on the CPA at Town Meeting on May 4. Once the CPA is placed on the ballot, local voters must then vote to approve it. The ballot vote in Topsfield would take place on November 2, 2004. Participating cities and towns can opt out of CPA after five years and end the surcharge.

The law went into effect December 2000. To date, 65 communities across the state have adopted the CPA. Several more communities will vote on the Act 2004.

Determining How Topsfield's CPA Funds Are Spent

If Topsfield approves the CPA, it will also establish a Community Preservation Committee that will make annual recommendations to Town Meeting on how the money should be spent. Town Meeting appropriates funds from the town's Community Preservation Fund based on these recommendations. Town Meeting may also reject or reduce the amounts recommended by the Community Preservation Committee. The Committee is responsible for soliciting input from the community and for presenting its findings and recommendations to the public. Community Preservation Committees have open meetings to which all residents are welcome.

Each fiscal year, upon recommendation of the Community Preservation Committee, Town Meeting must spend, or set aside for future spending, the following share of annual Community Preservation Fund revenues:

- 10 percent for open space
- 10 percent for historic resources
- 10 percent for community housing

Beyond these required disbursements, it is left to the residents of Topsfield to decide how much of the remaining 70% of the funds they would like to spend on the three purposes identified above or for recreation (ball fields, hiking or biking trails, etc). For example, a municipality could allocate the remaining 70 percent of the annual revenue to one purpose, spread it evenly among all four, or set the funds aside for future spending. Each year, the municipality can modify the spending mix for the remaining 70 percent of the fund.

Exemptions from the CPA Surcharge

Any portion of a taxpayer's real property taxes that are already exempt are also exempt from the new CPA surcharge. In addition, Town Meeting, as part of the vote to accept the provisions of

CPA, may allow two additional exemptions to the CPA surcharge for:

1. Property owned and occupied by a person who would qualify for low income housing (any family of 4 making less than \$66,080) or moderate income senior housing (a person over 60 making less than \$57,820 or \$66,080 for a couple)
2. The first \$100,000 of taxable value of residential real estate

A community may make changes to these exemptions at any time with approval of the Town Meeting and subsequent voter approval at a town election.

Amending and Repealing the CPA

The level of the surcharge (and the optional exemptions) can be changed at any time after the surcharge is imposed, through a simple majority vote of Town Meeting followed by voter approval. At no time can the surcharge exceed 3 percent.

The CPA remains in effect for a minimum of five years from the date of voter approval in a municipality. After five years, it can be revoked in the same manner – legislative body acceptance (simple majority) or initiative petition followed by voter approval – used to approve the CPA originally.

How Much the CPA Would Cost and How Much It Would Raise

For a home with the average value of \$368,000 in Topsfield, the annual cost to the homeowner would be \$135. This would raise more than \$300,000 for the town annually, not including the state match. These figures are based on Topsfield's proposed 3% surcharge with an exemption for the first \$100,000 of residential property value. Also note that those who qualify for the low and moderate income exemption mentioned above would pay no surcharge, and people who are currently receiving a full or partial exemption from their property taxes would receive that same full or partial exemption from the CPA surcharge.

Eligible Projects

There is a wide range of projects that could be eligible for CPA funding. Some of them, like the restoration of historic Town hall (including accessibility improvements) or the creation of new playgrounds, parks, or playing fields, may be things that the town is already planning to spend money on. By adopting the CPA, you could go ahead with these projects and have the state pay for half of the cost through the CPA matching funds. Some projects that nearby towns have already used CPA funds for include the purchase of 28 acres of open space in Rowley and 135 acres in Boxford, and the renovation of Rowley's town hall. CPA funds may also be used to help Topsfield reach the state mandated goal of having 10% of its housing classified as affordable by allowing the town to create affordable housing that is consistent with the character of the town. To date, communities have spent more than \$116 million on CPA projects, protecting more than 4,000 acres of open space, preserving more than 150 historic sites, and creating more than 620 units of affordable housing,

The State Match

Despite the state's current fiscal crisis, communities that have adopted the CPA will be receiving a 100% match this coming October. This high level of funding is possible because the state's CPA Trust Fund is a dedicated revenue source that is outside of the normal legislative appropriations process. As such, these CPA funds may not be redirected to other purposes besides the four CPA uses. Over time, the match percentage will decrease as more communities adopt the CPA and have to share the fixed amount of state funding, but the match should remain high for at least the next 4-7 years. In 2002, \$17.8 million was paid out to 34 CPA cities and towns, in 2003, \$27.2 million was paid out to 54 communities.

*This document was created by the Community Preservation Coalition.
For more information, visit www.communitypreservation.org or call 617-367-8998.*